

CLAIMS:

1. (currently amended) A computer-implemented method of determining at least one risk metric for a portfolio of instruments in a risk management system, comprising the steps of:

(i) selecting a set of financial instruments, each financial instrument in said set having a model defined therefor, each model operating on at least one risk factor to produce a value for said financial instrument;

(ii) selecting a set of ~~time-valued~~ scenarios, each scenario comprising a risk factor value for each risk factor operated on by said models of said financial instruments at at least a first and second time interval and each scenario having a probability value assigned thereto, said probability value representing the likelihood of said scenario occurring;

(iii) applying said selected set of scenarios to said set of financial instruments to produce at least one first instrument risk value for each financial instrument in said set of financial instruments for each scenario in said set of scenarios for each time interval;

(iv) storing first instrument risk values produced at step (iii) in a database residing on at least one computer, wherein at least a subset of said first instrument risk values comprises mark-to-future values, said database organized as a multi-dimensional structure wherein one axis of said structure represents financial instruments, another axis of said structure represents scenarios and another axis of said structure represents time intervals, wherein the at least one first instrument risk value associated with the respective financial instrument, scenario, and time interval are stored in said structure; and

(v) for a portfolio of instruments comprising at least a subset of said set of financial instruments, producing a desired risk metric, wherein said producing step is performed by at least one aggregation engine executing on at least one computer, said at least one aggregation engine adapted to

retrieve for each financial instrument in said portfolio, stored first instrument risk values for each scenario in said set of scenarios for each time interval from said database;

sum said retrieved first instrument risk values at each scenario at each time interval to produce aggregated second risk values for said portfolio; and

compute said desired risk metric using said aggregated second risk values for said portfolio, said desired risk metric for use in performing risk management of the portfolio of instruments.

2. (previously presented) The method of claim 1 comprising the step of defining whether each first instrument risk value produced is stored in step (iv) as an individual first instrument risk value or is aggregated with at least one other first instrument risk value and stored as an aggregated value.

3. (previously presented) The method of claim 1 where in step (v), a user first selects a subset of financial instruments of interest from said set of financial instruments and said desired risk metric is produced for said subset by retrieving determined risk values for each financial instrument in said subset from said database.

4. (original) The method of claim 1 wherein risk factor values for each said risk factor are also stored in said database.

5. (original) The method of claim 1 wherein definitions of portfolios of instruments stored in said database are predefined.

6. (original) The method of claim 5 wherein said definitions of portfolios are stored in said database.

7. (original) The method of claim 1 where in step (iii), a check is first performed to determine if corresponding risk values for an instrument are already present in said database and risk values are only produced for those not already present.
8. (previously presented) The method of claim 1 where steps (iii) and (iv) are performed in parallel on subsets of said set of financial instruments.
9. (currently amended) The method of claim 1 where step (v) is repeated such that a risk metric is produced for ~~each of at least two~~ different instruments ~~selected subsets~~ of said set of financial instruments.
10. (currently amended) The method of claim 9 where the risk metrics for said ~~at least two different selected subsets~~ instruments are produced in parallel.
11. (cancelled)
12. (previously presented) The method of claim 1 wherein data is read from and written to said database in multi-dimensional groupings, wherein said grouping includes a selected amount of adjacent data from each of said axes of said structure.
13. (original) The method of claim 12 wherein said selected amount of adjacent data on a first axis differs from said selected amount of data on a second axis.
14. (original) The method of claim 12 wherein the total size of storage required for said multi-dimensional groupings does not exceed a preselected size.

15. (original) The method of claim 1 further comprising the step of modifying said set of scenarios to change at least one risk factor value and performing steps (iii) through (v) to produce a new risk metric.

16. (original) The method of claim 15 wherein said at least one risk factor value is changed such that said value does not change with time.

17. (previously presented) The method of claim 7 further comprising the step of selecting a first subset of said set of financial instruments and determining a risk metric and selecting a second subset of said financial instruments wherein at least one financial instrument in said first subset is replaced with another financial instrument, and performing steps (iii) through (v) to produce a new risk metric.

18. (original) The method of claim 1 wherein step (v) further comprises the step of storing said produced risk metrics in said database.

19. (previously presented) The method of claim 1 further comprising the step of determining a credit exposure risk for at least one first party who is counter party for at least one of said financial instruments in said set of financial instruments, further comprising the step of:

(vi) determining a subset of said set of financial instruments for which said first party is the counter party and determining the credit exposure for said first party by retrieving said stored values and said associated probabilities from said database.

20. (currently amended) A risk management system operable on a set of financial instruments and a set of ~~time-valued~~ scenarios, each scenario including risk factor values and a scenario probability, said system comprising:

at least one risk engine operable to determine a first instrument risk value for each financial instrument in said set of financial instruments, said risk value

determined by evaluating, in view of said risk factors values in each said scenario and at each of at least a first and second time interval, a model stored for said instrument;

a database to store each said determined first instrument risk value residing on at least one computer, wherein at least a subset of said first instrument risk values comprises mark-to-future values, said database organized as a multi-dimensional structure wherein one axis of said structure represents financial instruments, another axis of said structure represents scenarios and another axis of said structure represents time intervals, wherein the at least one first instrument risk value associated with the respective financial instrument, scenario, and time interval are stored in said structure; and

at least one aggregation engine executing on at least one computer, said at least one aggregation engine adapted to retrieve for each financial instrument in a portfolio, stored first instrument risk values for each scenario in said set of scenarios for each time interval from said database; sum said retrieved first instrument risk values at each scenario at each time interval to produce aggregated second risk values for said portfolio; and compute said desired risk metric using said aggregated second risk values for said portfolio, said desired risk metric for use in performing risk management of the portfolio of instruments.

21. (previously presented) A risk management system according to claim 20 wherein said risk engine further comprises a user interface to allow a user to define a portfolio of financial instruments for said aggregating engine to operate on.

22. (original) A risk management system according to claim 21 wherein defined portfolios are stored in said database.

23. (previously presented) A risk management system according to claim 20 comprising at least two risk engines, each of said at least two risk engines

operating in parallel to produce first instrument risk values for a subset of said set of financial instruments.

24. (currently amended) A computer-implemented method of determining the marginal risk in at least one risk metric for a portfolio, comprising a set of financial instruments, which would result from a proposed transaction to alter said portfolio in a risk management system, each financial instrument in said portfolio and each financial instrument in said proposed transaction having a model defined therefor, each model operating on at least one risk factor to produce a value for said financial instrument, the method comprising the steps of:

- (i) selecting a set of ~~time-valued~~ scenarios, each scenario comprising a risk factor value for each risk factor operated on by said models of said financial instruments at at least a first and second time interval and each scenario having a probability value assigned thereto, said probability value representing the likelihood of said scenario occurring;

- (ii) applying said selected set of scenarios to said portfolio to produce a first instrument risk value for each financial instrument in said portfolio for each scenario in said set of scenarios for each time interval;

- (iii) storing first instrument risk values produced at step (ii) in a database residing on at least one computer, wherein at least a subset of said first instrument risk values comprises mark-to-future values, said database organized as a multi-dimensional structure wherein one axis of said structure represents financial instruments, another axis of said structure represents scenarios and another axis of said structure represents time intervals, wherein the at least one first instrument risk value associated with the respective financial instrument, scenario, and time interval are stored in said structure;

- (iv) producing a first measure of said at least one risk metric, wherein said producing step at step (iv) is performed by at least one aggregation engine executing on at least one computer, said at least one aggregation engine adapted to retrieve for each financial instrument in a portfolio, stored first instrument risk values for each scenario in said set of scenarios for each time

interval from said database; sum said retrieved first instrument risk values at each scenario at each time interval to produce aggregated second risk values for said portfolio; and compute said desired risk metric using said aggregated second risk values for said portfolio, said desired risk metric for use in performing risk management of the portfolio of instruments;

(v) for each financial instrument in said set of financial instruments affected by said proposed transaction, altering each said affected financial instrument in accordance with said proposed transaction and applying said selected set of scenarios to each altered financial instrument to produce additional first instrument risk values for each altered financial instrument for each scenario in said set of scenarios for each time interval; and

(vi) producing a second measure of said at least one risk metric, wherein said producing step at step (vi) is performed by said at least one aggregation engine further adapted to combine associated probabilities and said additional first instrument risk values for said altered instruments with said stored first instrument risk values for unaltered instruments in said set of instruments retrieved from said database to compute said second measure of said at least one risk metric.

25. (previously presented) The method of claim 24 wherein said additional first risk values for said altered instruments are stored in said database.

26. (previously presented) The method of claim 24 wherein said proposed transaction comprises altering the amount of at least one financial instrument in said set of financial instruments.

27. (previously presented) The method of claim 24 wherein said proposed transaction comprises adding a financial instrument to said set of financial instruments.

28. (original) The method of claim 24 wherein steps (v) and (vi) are performed for a second proposed transaction and said second measure of said at least one risk metric is produced for each of said proposed transactions.

29. (currently amended) A computer-implemented method of determining counter party credit exposure risk for a portfolio comprising a set of financial instruments in a risk management system, comprising the steps of:

(i) selecting a set of time-valued scenarios, each scenario comprising a risk factor value for each risk factor operated on by said models of said financial instruments at at least a first and second time interval and each scenario having a probability value assigned thereto, said probability value representing the likelihood of said scenario occurring;

(ii) applying said selected set of scenarios to said portfolio to produce a first instrument risk value for each financial instrument in said portfolio for each scenario in said set of scenarios for each time interval;

(iii) storing in a database each first instrument risk value produced at step (ii), said database residing on at least one computer, wherein at least a subset of said first instrument risk values comprises mark-to-future values, said database organized as a multi-dimensional structure wherein one axis of said structure represents financial instruments, another axis of said structure represents scenarios and another axis of said structure represents time intervals, wherein the at least one first instrument risk value associated with the respective financial instrument, scenario, and time interval are stored in said structure; and

(iv) determining a subset of said set of financial instruments for which a first party of interest is the counter party and determining the credit exposure for said first party of interest by retrieving said stored values and said associated probabilities from said database, said credit exposure for use in performing risk management of the portfolio of instruments;

wherein each of steps (i), (ii), (iii), and (iv) are performed by computer.